

# **2004-2005 W-2 Contract Update and Related Program & Policy Issues June 25, 2004 Department of Workforce Development**

## **I. Background**

- DWD and the Doyle administration are committed to the success of the W-2 program and to continually strengthening it
- Wisconsin has experienced a slow economy for the past 3 years with high sustained unemployment and the loss of manufacturing jobs
- Caseload increases began in 2001, with a caseload increase of 26% from 2001 to 2002
- Wisconsin's economy is now improving and projections are that this will continue for next two years

## **II. Improving Wisconsin Economy Represents an Opportunity for our Customers**

- Wisconsin economy showing highest job growth in the Midwest
- There are numerous Milwaukee construction projects that over the next 4 years represent job possibilities for W-2 participants
- Large employers are contacting DWD saying they are having difficulty finding entry level employees

## **III. W-2 Resources Are Available to Address Possible Need**

- \$27.1 M in W-2 resources now are available (\$11.4 M with DWD and \$15.7 M with Joint Finance Committee) to address additional possible W-2 needs

## **IV. Estimates of Future W-2 Benefits Needs Vary**

- If expenditures of first five months were to continue at same growth levels without any improvements in the economy or without any changes in program operations, some W-2 agencies would need additional resources for benefits during 2004-05 W-2 contracts

- DWD, in collaboration with its W-2 partners, is committed to implementing strategies to manage the W-2 caseload and related budget pressures
- There are different scenarios for identifying possible future W-2 benefits needs:

| W-2 Benefits Projection Methodologies       | Possible Shortfall Through 12/05 Subtracting Available Resources of \$27.1 M and Before Program Changes |
|---|---|
| Contract 02-03 benefits                     | <b>\$10,200,000</b>   |
| 24 month rolling average (through April 04) | <b>\$2,508,287</b>  |
| 12 month rolling average (through May 04)   | <b>(\$11,981,403)</b>   |
| Year – to – date (through May 04)           | <b>(\$22,408,292)</b>   |
| W-2 agency survey                           | <b>(\$21,918,907)</b>   |

#### V. Need to Keep Focus on Goals of W-2

- Help our customers participate in the Wisconsin economy and provide for their families
- Success in W-2 is a shared responsibility
- All roles are critical for the program and participants to be successful:
  - participant and the W-2 provider
  - W-2 provider and DWD
  - participant and the employer

#### VI. Policy/Program Strategies to Help us Meet Our Challenges

- Adding clarity in policy to give a clear message to W-2 providers
- Upfront strategies and improving CSJs emphasize job placement and the activities that most productively and efficiently lead to job placement. (Over 30% of the participants that entered W-2 in the first three months of this year and were placed in a CSJ, and 44% of the W-2 T's had worked in the previous quarter, October through December, 2003 according to UI wage data. When looking at the ongoing caseload for these months, almost 35% of the CSJs had worked during 2003. In most instances, these are individuals that should receive immediate efforts for competitive employment

placement.) We have had discussions with many of you about these policies and they will be released in the coming weeks.

- We will work with all agencies, particularly the Milwaukee Regional Office and the Milwaukee W-2 providers
- Need to maintain balance across three program dimensions: this is an employment and training program; we must take special steps for the most vulnerable families; and we need to be assertive about job placement

#### VII. New W-2 resources Will be Made Available Soon to Assist Efforts

- \$11.4 M over the summer for immediate need and recognition that counties in particular are now preparing budgets
- \$15.7 M request to Joint Finance in September

#### VIII. New W-2 resources Will Be Targeted

- Those small W-2 providers that need immediate help
- Those agencies that will face disproportionate number of Hmong arrivals
- Services that reinforce policies of job placement
- Benefit dollars

#### IX. How DWD Will Implement New Strategies

1. Series of administrative & operations memos clarifying and emphasizing direction
2. Ongoing input from W-2 agencies concerning policy and procedure
3. Series of specialized case specific reports where we have identified situations that we believe deserve a case review to determine appropriate services
4. Targeted training to W-2 agencies to clarify policy and procedure direction
5. Open invitation to W-2 agencies for meetings to discuss any agency specific issues and concerns
6. Ongoing monitoring of progress in meeting expenditure and caseload adjustments
7. New W-2 resources to meet targeted needs

## X. How W-2 Agencies Can Help Implement this Strategy

1. Act now
2. Communicate with front line and middle managers
3. Stay engaged for the long run
4. Help DWD clarify where policies need to be refined
5. Give DWD feedback on progress

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